AGRICULTURAL OUTLOOK CANADA

1965

CANADA DEPARTMENT OF AGRICULTURE

This summary was prepared by a federal-provincial committee from outlook papers developed by inter-departmental committees of the federal government. These papers were sent to all provincial departments of agriculture for review and were discussed with their representatives on November 21, 1964 in Ottawa. At this meeting, the original outlook papers were augmented by discussion reports from the provinces and were amended wherever necessary.

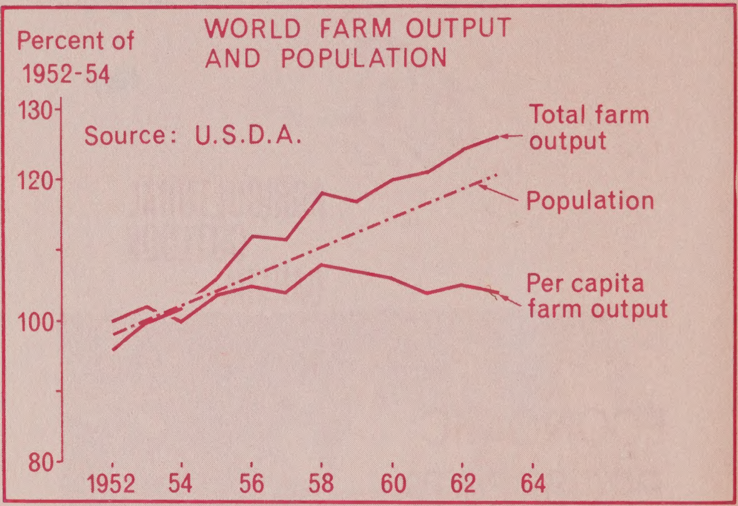
AGRICULTURAL
OUTLOOK
CANADA

ECONOMIC PROSPECTS

During 1964, business continued at a high level in Canada, the United States and many other industrial countries. World trade increased in volume and value. Foreign exchange holdings of the primary producing countries improved. Developed and developing countries made a determined effort at the national and international levels to raise productivity and to forge new means of expanding trade and economic development.

The quickening of demand in the United States augurs well for the world economy in 1965. Business should expand there through further increases in capital spending and continued moderate rises in consumer spending and government outlays. Restraints on imports and consumer and government spending in Britain and Western Europe may affect expansion in 1965. Japan is expected to maintain its rapid economic growth. The pace of economic growth should be slower in the developing countries because primary product prices are easing.

The Canadian economy continued to expand in 1964, sparked by record wheat production and exports, and a sharp rise in non-farm exports.



A COMPARISON OF TOTAL AGRICULTURAL PRODUCTION WITH WORLD POPULATION GROWTH INDICATES A CURRENT DROP IN AGRICULTURAL PRODUCTION PER CAPITA.

Prospects for 1965 are encouraging. A firm demand at home and abroad should keep production moving upward, with fresh gains likely in non-farm foreign trade through sustained expansion in the U.S. and other countries. Business investment in Canada should top last year's and consumer markets are expected to stay buoyant. Result: the Canadian economy should still move upward in 1965, but more slowly than in 1964.

Although world agricultural output continued to rise in 1964, it did not keep up with population growth. World food prices leveled off in the first quarter and dropped in the second and third quarters. FAO reports suggest somewhat lower prices in 1965.

The outlook for Canadian cash farm income is briefly as follows: Cattle and hog marketings should go up in 1965 and the total returns should be higher than in 1964. Total returns from dairy products are expected to increase. A repetition of the large wheat exports of 1963–64 is not anticipated, meaning less

wheat delivered by farmers in 1965. As a result, total cash farm income should be slightly less than the 1964 record.

LIVESTOCK

HOG marketings during 1965 are expected to be 4 to 5 per cent more than a year ago. An expected drop in U.S. marketings should mean higher prices there and increased exports from Canada, thus giving some strength to the Canadian market and moderately higher prices in 1964.

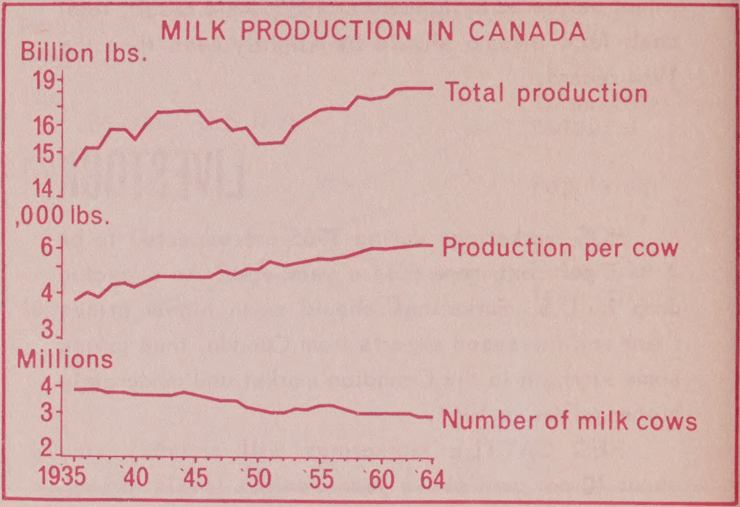
FED CATTLE marketings will probably stay about 10 per cent above year-previous levels through 1965. More cattle went on feed throughout Canada in 1964 than in 1963. There may be an upturn in marketings of fat cattle next spring resulting from a faster turnover of cattle on feed. Based on the U.S. outlook, Canadian prices for both fed and feeder cattle should be fairly stable for at least the next 9 months. With the large number of cattle on feed, an import situation is unlikely, but exports of slaughter cattle will continue.

VEAL CALF marketings were higher in both East and West in 1964 and not much change is expected in 1965. Prices for most of 1965 should be about the same as a year earlier.

SHEEP AND LAMB marketings will probably be close to 516,000 for 1964 – 3 per cent less than in 1963. A similar drop is probable in 1965, with prices slightly higher.

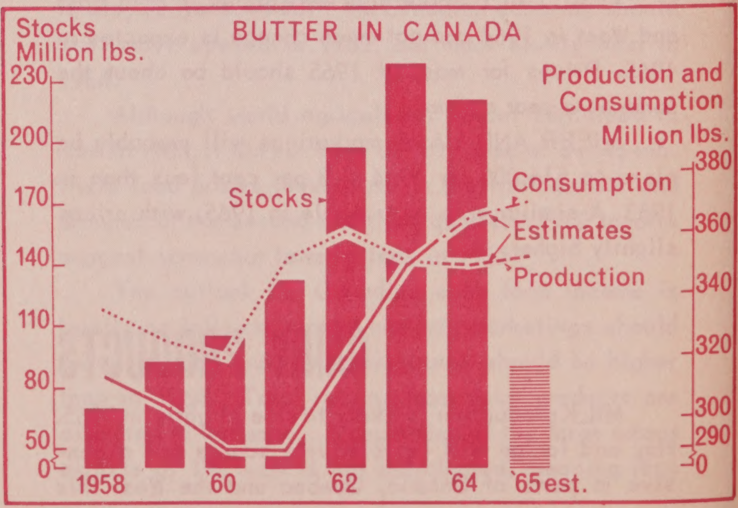
DAIRY PRODUCTS

MILK production is likely to rise slightly in 1965. Hay and forage will be relatively scarce and expensive in parts of Ontario, Quebec and the West this



SINCE 1952, MILK PRODUCTION HAS TRENDED UPWARD, SUSTAINED BY A STEADY INCREASE IN AVERAGE PRODUCTION PER COW, WHICH OFFSET A SLIGHT DECREASE IN COW NUMBERS.

CONSUMPTION IN EXCESS OF PRODUCTION, AND 1964 EXPORTS, WILL REDUCE BUTTER STOCKS TO ABOUT 92 MILLION POUNDS AT JANUARY 1, 1965.



winter. Relatively low stocks of most dairy products plus good demand should keep prices firm, and milk producers will probably respond with higher milk production. This increase may occur mainly in the second half of 1965. Estimated total production for 1965 is at least 18.5 billion pounds, with 1.6 billion likely to be used on farms and 16.9 billion for sale.

CREAMERY BUTTER is likely to take 8.3 billion pounds of milk (about 350 million pounds of butter) from the 10.2 billion pounds available for manufacturing. This assumes a continuation of the reduced selling price for butter. Allowing for a further increase of 2 per cent in creamery butter consumption, about 370 million pounds will be used and stocks will be reduced by 20 million pounds.

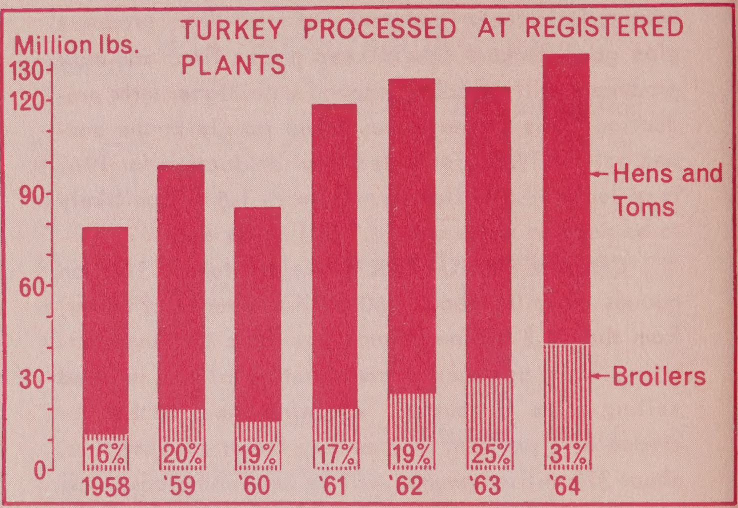
CHEDDAR CHEESE should continue its expansion on the domestic market, and could reach 110 million pounds with a continuing rise in per capita consumption and population growth. Production should be much the same as in 1964.

EGGS and POULTRY

EGG marketings in the first quarter of 1965 should be greater than in the same period of 1964. If chick placements for egg production continue as expected, it may be mid-year before marketings fall below the 1964 level. Thus, prices are expected to be below comparable 1964 levels in early 1965, but to strengthen in the second quarter and to exceed 1964 levels in the last half of 1965.

CHICKEN BROILER production, as indicated by current settings of hatching eggs, may continue to build up, with the prospect of weaker prices in 1965.

FOWL marketing will likely continue as a serious problem for egg producers. Unless new process-



TOTAL TONNAGE OF TURKEYS PROCESSED AT REGISTERED PLANTS IS INCREASING, INFLUENCED LARGELY BY THE TREND OF HIGHER BROILER PRODUCTION.

ing techniques and outlets are found, no big improvement in fowl prices is expected.

TURKEY BROILER production will increase the total turkey tonnage in 1965, if the trend of recent years continues. If so, turkey prices are not likely to strengthen.

GRAINS

The 1964 WHEAT crop of 600 million bushels was Canada's fourth largest, although 17 per cent below the 1963 record. Protein content is high and supplies of most grades will be ample. Agreements with Mainland China and Eastern European countries, plus encouraging forward sales to other markets, indicate wheat and flour exports of 375 to 400 million bushels. But not all of the 1964 crop will be utilized and year-end stocks should rise by 50 to 75 million bushels, which equals production from some 3 million acres.

Most of the 4 million bushels of the 1964 Ontario winter wheat crop available for export will be sold.

DURUM sales outlook is only fair and exports plus domestic disappearance are unlikely to use up the 1964 crop. The already large carryover will again increase and prices will be much lower than in the past 2 years. A considerable reduction in 1965 acreage is warranted.

World RYE production increased slightly in 1964 over 1963, but was about 17 per cent less than the 1955-59 average. Due to higher production in many European countries – the principal markets for Canadian rye – exports in 1964-65 are not likely to improve on the previous year.

FEED GRAINS

Production in the Northern Hemisphere is lower this year than last, and the expected strong demand should reduce carryover stocks, particularly in Canada. While no serious shortages are anticipated in the current season, supplies could become tight unless more acres are devoted to feed grains in 1965.

OAT production of 357 million bushels in 1964 is 21 per cent below the previous year and 50 to 75 million bushels short of the expected demand. To prevent a further decline in carryover, 1.5 to 2 million more acres will be needed in 1965, assuming average yields. Oat prices should strengthen as the season progresses.

BARLEY grown in 1964 is estimated at 165 million bushels, 25 per cent below the 1963 yield. Disappearance will be some 25 to 30 million bushels larger than the crop. An increase of about 1 million acres is needed in 1965 to prevent a further reduction in supplies. Prices will likely average higher in 1964-65 than in the previous year.

GRAIN CORN production for 1964 is estimated at a record 53 million bushels, 43 per cent more than the previous year's record. Imports are expected to fall sharply from the 1963-64 estimate of 20 million bushels. Prices should be above 1963-64, due mainly to the 13 per cent drop in the U.S. crop and the higher price support there.

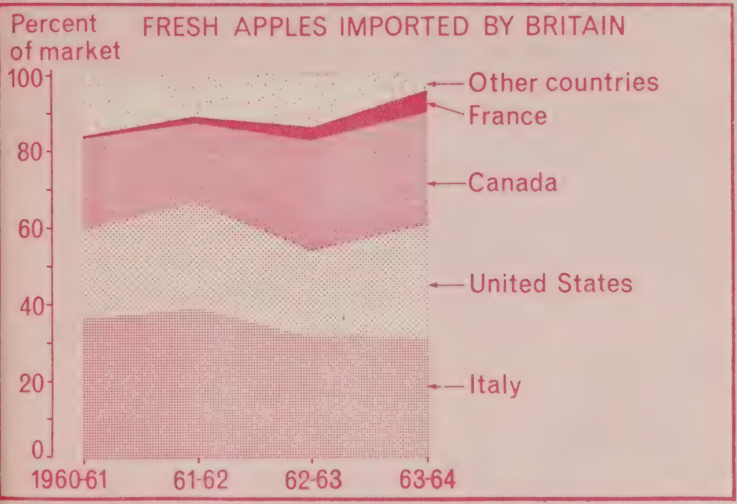
FODDER supplies are 8 per cent greater than in 1963. Production of MILLFEEDS from the 1964 crop will be down sharply from last season's high levels, but SOYBEAN MEAL (about half of the total high protein supplements used by Canadian feeders) will probably be near the previous year's level. Supplies of RAPESEED MEAL will be up. By-products of packing houses should be about 10 per cent above last year's tonnage.

OILSEEDS

Increased acreage in 1964 will increase supplies of seed and oil. Futures markets have been sensitive to variations in expected U.S. soybean production, and their soybean crop is likely to be the key to other oilseed prices. The outlook is for strengthening prices. Exports of Canadian RAPESEED to Japan should still increase.

FRUITS and VEGETABLES

APPLE growers in Canada picked an estimated 20.3 million bushels in 1964, 12 per cent less than last year, but the second largest crop on record. The North American crop, due to increases in the U.S., is estimated at 13 million bushels above the 1963 crop of 146 million bushels. Exports to Great Britain and the U.S. should be about the same as last season's, but outlets in continental Europe will probably

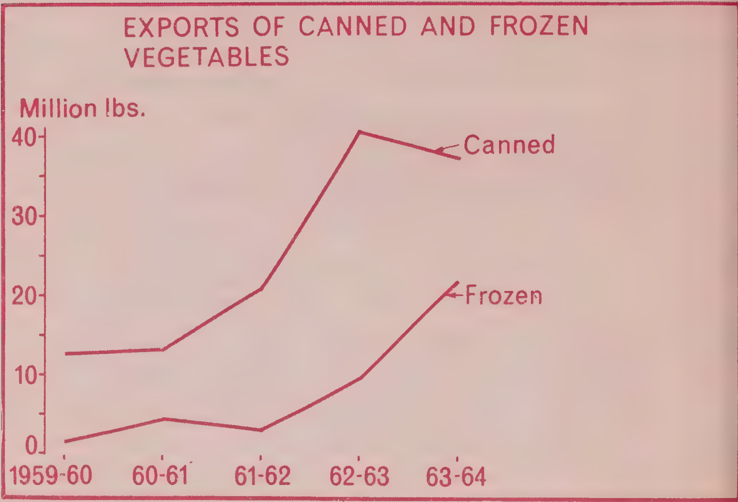


CANADA, THE UNITED STATES AND ITALY SUPPLY 85 TO 90 PERCENT OF FRESH APPLES IMPORTED BY BRITAIN.

be reduced because of larger crops in most countries. Large stocks of most processed products will likely mean a smaller movement to manufacturers. Therefore, not much change in prices is anticipated, despite a smaller Canadian crop.

C.A. storage capacity has risen to 2.4 million bushels – about 20 per cent of the apples available for the fresh market in 1964. Greater capacity lengthens the marketing season and should mean greater stability and higher consumption, particularly in years of large crops.

The POTATO crop was 46.6 million hundredweight, just 2 per cent above 1963. It was down 1 per cent in the Maritimes but up in Central and Western Canada. The Ontario estimate may be reduced by low grade-out in some areas. With an expected U.S. fall crop of 179 million hundredweight, the North American total is 225 million, 7 per cent below that of 1963. This drop and good export prospects for Canadian seed potatoes should mean average prices well above last season's.



CANADIAN EXPORTS OF PROCESSED VEGETABLES, PARTICULARLY TO BRITAIN AND WESTERN EUROPE, HAVE SHOWN ENCOURAGING GAINS DURING THE LAST FEW YEARS.

Prospects point to a larger pack of all 1964 processing fruit and vegetables than last year's. The upward trend in frozen vegetables and berries should continue.

SPECIAL CROPS

With the current decreases in world sugar prices, consumption should expand in 1965, but world production should meet demand. World prices are not expected to increase substantially. Domestic production of SUGAR BEETS will not change greatly in 1965 since the incentive of high prices has disappeared.

Larger production of DRY BEANS in 1964, with favorable prices and continued export growth, indicates an increased acreage in 1965.

About 85,700 acres of TOBACCO were planted in 1964: well below the 114,000 acres in 1963 and the lowest since 1943. During the 1963-64 crop year,

Canadian consumption of cigarettes was about 40 billion pieces, much the same as in 1962-63, but cigar consumption rose to 425 million pieces from 386 million. Tobacco exports for 1963-64 reached a record of close to 50 million pounds, above the previous peak in 1954-55 and well above the 39 million pounds exported in 1962-63. Reduced supply and better quality point to higher prices for the 1964 flue-cured crop compared with 1963. The trend toward greater use of cigars is expected to continue.

SEEDS

Sufficient, good quality seed of CEREALS and FLAX was produced in 1964 and, added to the carry-over from 1963, is adequate for domestic needs plus some for export. Sale of Certified seed of cereals in bulk will be permitted in 1965 under an Order-in-Council passed in April, 1964.

Except for alfalfa, supplies of FORAGE seeds should meet Canadian needs.

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